

Message Text

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ACTION EUR-12

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USMISSION USNATO
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C O R R E C T E D C O P Y FOR GARBLED THRU-OUT TEXT

E.O.11652: GDS
TAGS: EEWT, UK, UR
SUBJECT: UK-USSR TRADE SYMPOSIUM

REF: (A) MOSCOW 2184, 3889 (NOTAL); (B) LONDON 2813 NOTAL

SUMMARY. THE MARCH 18-20 MEETING BETWEEN SOVIET OFFICIALS AND BRITISH BUSINESSMEN TURNED OUT TO BE A ROUTINE AFFAIR. NO MAJOR POLICY STATEMENTS WERE MADE BY THE SOVIET SIDE AND NO CONTRACTS WERE SIGNED. MUCH OF THE DISCUSSION WAS AIMED AT IDENTIFYING OBSTACLES TO TRADE AND DISCUSSING POSSIBLE SOLUTIONS. PREDICTABLY, THE UK SIDE PUSHED FOR INCREASED USE OF ITS 950 MILLION POUND CREDIT AND AN IMPROVEMENT IN THE BILATERAL TRADE BALANCE, WHILE THE USSR TEAM CALLED FOR GREATER BUSINESS AND
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CREDIT COMPETITIVENESS ON THE PART OF BRITAIN. THE SESSIONS WERE ALL VERY CORDIAL AND A GOOD TIME WAS HAD BY ALL, BUT IT SEEMS UNLIKELY MUCH NEW BUSINESS WILL RESULT. END SUMMARY.

1. THE THREE DAYS OF MEETINGS WERE DIVIDED INTO THE PRIVATE WEEK-END SESSIONS, MARCH 18-19, AND THE 120-

DOLLAR PUBLIC SEMINAR ON MARCH 20. EMBASSY OFFICER
ATTENDED MARCH 20 MEETING.

2. BRITISH SIDE AT PRIVATE SESSIONS CONSISTED OF A RELATIVELY SMALL GROUP OF SENIOR BUSINESSMEN, AND APPROXIMATELY 170 BUSINESSMEN ATTENDED THE PUBLIC SEMINAR. MOST OF THE MAJOR UK COMPANIES ENGAGED IN EAST-WEST TRADE WERE REPRESENTED, INCLUDING BARCLAYS BANK, BRITISH PETROLEUM, JOHN BROWN ENGINEERING, CRANE FRUEHAUF, DAVY POWERGAS, DUNLOP, FORD, GENERAL MOTORS, IMPERIAL CHEMICAL INDUSTRIES, KELLOGG, LLOYD'S BANK, NAFTA, RANK XEROX AND RIO TINTO ZINC. FOR THE MOST PART, PARTICIPATING COMPANIES APPEARED TO BE LARGE FIRMS ALREADY ENGAGED IN TRADE WITH THE USSR. BRITISH GOVERNMENT PARTICIPATION CAME IN THE FORM OF "OBSERVERS" AT ALL SESSIONS AND THE KEYNOTE ADDRESS GIVEN BY THE MINISTER OF STATE FOR INDUSTRY, ALAN WILLIAMS.

3. FOR ECONOMIC KREMLINOLOGISTS, FOLLOWING IS A COMPLETE LIST OF SOVIET DELEGATION.

(A) CHAIRMAN: DR. J. M. GVISHIANI (DEPUTY CHAIRMAN, STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY).

(B) DELEGATES: MR. V. N. SUSHKOV (DEPUTY MINISTER, MINISTRY OF FOREIGN TRADE); MR. V. V. MORDVINOV (DIRECTOR, STATE PLANNING COMMITTEE--GOSPLAN); MR. E. S. YASTREBOV (DIRECTOR, STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY);
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MR. A. A. BUTKO (PRESIDENT, AVTOPROMIMPORT); MR. PLETNEV (VICE PRESIDENT, ALL UNION CHAMBER OF COMMERCE AND INDUSTRY); MR. V. N. ORLOV (DEPUTY CHAIRMAN, V/O RAZNOIMPORT); MR. V. V. PERMYAKOV (DEPUTY CHAIRMAN, V/O METTALLURGIMPORT); MR. V. N. GORYUNOV (VNESTORGBANK).

(C) EXPERTS: DR. V. TOKHADZE (STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY); MADAME SANTALOVA (STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY); MR. STEPURA (STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY); MR. V. I. CHEKIN (MINISTRY OF FOREIGN TRADE); MR. LIGYAEV (MINISTRY OF FOREIGN TRADE); MR. V. G. YELIZAROV (TRADE DELEGATION OF THE USSR IN THE UK); MR. V. A. ZELEZNOV (ALL UNION CHAMBER OF COMMERCE AND INDUSTRY).

4. THE IDEA OF HOLDING THE CONFERENCE ORIGINATED WITH DR. GVISHIANI DURING THE LAST UK-USSR JOINT ECONOMIC COMMISSION MEETING IN 1977. UK TRADE SECRETARY EDMUND DELL ENDORSED THE IDEA AND CONVINCED A RELUCTANT CONFEDERATION OF BRITISH INDUSTRIES (CBI) THAT IT SHOULD HOST THE CONFERENCE.

5. BOTH BUSINESSMEN AND GOVERNMENT OFFICIALS TOLD US

THE PRIVATE WEEK-END SESSIONS WERE VERY FRANK ON BOTH SIDES, BUT THAT THERE WAS ALSO GREAT CORDIALITY. GVISH- IANI APPARENTLY LIVED UP TO HIS REPUTATION AS SOMEWHAT OF A FREE-WHEELER ON SOVIET POLICY, BUT A MAN OF GREAT

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PERSONAL CHARM. WE UNDERSTAND FROM THE NOTE-TAKER THAT THE FOLLOWING KEY POINTS CAME OUT OF THE PRIVATE SESSIONS:
-- THERE IS A MUTUAL DESIRE FOR A CONSIDERABLE INCREASE IN BILATERAL TRADE.
-- THE UK MUST UNDERSTAND BETTER AND TAILOR ITS TRADE TO WHAT IS CONTAINED IN SOVIET ECONOMIC PLANS.
-- UK BUSINESSMEN NEED TO BE MORE AGGRESSIVE IF THEY ARE GOING TO MATCH THEIR WESTERN COUNTERPARTS.
-- USSR "NOTED" BRITISH DESIRE TO SET UP MORE COMPANY OFFICES IN THE SOVIET UNION, BUT GAVE NO COMMITMENTS.
-- COMPENSATION DEALS AND JOINT CONTRACTING OFFER THE BEST TECHNIQUES FOR TRADE EXPANSION.
-- USSR COMPLAINED THE UK ECGD WAS NOT COMPETITIVE WITH OTHER WESTERN COUNTRIES ON INTEREST RATES AND EXPORT INFLATION INSURANCE.

6. AT THE PUBLIC MEETING, BRITISH OFFICIALS AND BUSINESS-
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MEN HAMMERED ON A FEW BASIC THEMES, NONE OF THEM NEW.
-- THE IMBALANCE IN BILATERAL TRADE HAS REACHED A
POINT OF CONSIDERABLE CONCERN, WITH OVER TWO-THIRDS OF
TOTAL TRADE TURNOVER BEING CONTRIBUTED BY THE USSR.
-- MORE TRADE IS WANTED, THE UK IS DOING ITS PART TO
STIMULATE TRADE, BUT THE USSR IS NOT.
-- THE 950 MILLION POUND CREDIT EXTENDED BY BRITAIN IS
NOT BEING PICKED UP FAST ENOUGH, ONLY 440 MILLION POUNDS
TO DATE.
-- COMPENSATION TRADING, A GROWING TECHNIQUE OF THE
USSR, IS ALL RIGHT UP TO A POINT BUT THE UK WOULD LIKE TO
WARN AGAINST GOING TOO FAR IN THIS DIRECTION.

7. GVISHIANI WAS GENERALLY SYMPATHETIC TO THE PROBLEMS
ENUMERATED BY BRITISH BUSINESSMEN. HE PARTICULARLY IDEN-
TIFIED COMMUNICATION AS A PROBLEM -- KNOWING WHERE AND
HOW TO CONTACT THE RESPONSIBLE SOVIET OFFICIAL. IN THE
ONLY STATEMENT OF POSSIBLE POLICY SIGNIFICANCE, GVISHIANI
GAVE CONSIDERABLE STRESS TO THE USSR'S INTENTION TO BE-
COME MORE INVOLVED IN WORLD TRADE AND WORLD TRADE MECHAN-
ISMS. HE DID NOT GO INTO DETAIL, BUT HE DID SAY THAT THE
PRESENT FOUR PERCENT OF USSR GNP INVOLVED IN WORLD TRADE
WOULD BE SIGNIFICANTLY INCREASED. GVISHIANI SAID COMPEN-
SATION DEALS ARE AN IMPORTANT PART OF TRADING WITH THE
USSR, STRONGLY IMPLYING THAT THE BRITISH BETTER GET USED
TO THIS FORM OF TRADE WITH THE SOVIET UNION. THE ONLY
SPECIFIC AREAS ENUMERATED BY THE SOVIET SIDE AS CURRENTLY
OFFERING PARTICULARLY GOOD TRADE POTENTIAL WERE EPOXY
RESIN EQUIPMENT, FIBREGLASS FABRICATION EQUIPMENT, TITAN-
IUM OXIDE PRODUCTION EQUIPMENT AND OIL EXTRACTION EQUIP-
MENT (ESPECIALLY FOR USE IN DEVELOPING PERMANENT DEEP-
SEA FOOTING FOR OIL RIGS).

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8. THERE SEEMED TO BE A GENERAL CONSENSUS ON BOTH SIDES
THAT A SIMILAR CONFERENCE SHOULD BE HELD IN THE SOVIET
UNION WITHIN ONE YEAR.

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